

DATE: November 8, 2018

TO: State of GA Property Tax Study Committee

FROM: GEORGIA ASSOCIATION OF PROPERTY TAX PROESSIONALS

RE: Suggested changes/additions to GA property tax assessment process

- 1) REQUIRE counties to reappraise every real parcel in their county at least once every three years; allow them to divide the County into thirds so that each year one third is being reappraised and so forth; a reappraisal does not necessarily mean a parcel is being increased or decreased, values may remain static or below an acceptable change threshold. Requiring them to reappraise will keep the neighborhoods across the County uniform, i.e. the County can't skip certain neighborhoods for years as some do now and help keep the property tax burden uniform; this would also help to minimize the "sticker shock" that Metro Counties are seeing now. The committee could use a sliding scale threshold, if so desired, i.e. allow Counties with significantly lower parcel counts and market activity to stretch out their reappraisals from 3 to 5 years but REQUIRING them to do their job, i.e. maintain market values should be paramount which should, over time, make the process much easier and understandable to the average taxpayer. A requirement of the 3 year reappraisal cycle is not to allow the County to chase sales or increase market values in years where a parcel is not scheduled to be reappraised, i.e. a parcel is reappraised and valued at \$250,000 for 2019 and that value is then set for 2019, 2020 and 2021. It will be reappraised again for 2022 and the County cannot change the value during the non-reappraisal years. In this case, you would preserve the 299C value lock that so many taxpayers now seek but, actually make it applied in a uniform manner. In its' current state, 299C is most likely unconstitutional as it creates a separate class of property and provides preferential treatment to those properties without the issue being taken to the voters in the form of a referendum. 299C would be stricken and it's place you would put in the 3 year cycle which would be applied to ALL taxpayers and not just those who appealed their assessments. Provisions should be implemented to allow the County to increase or decrease assessments during non-reappraisal years but only if the parcel has had a significant PHYSICAL change, i.e. new construction, extensive renovation or demolition. Counties would still be required to send assessment notices each year which would serve as information for the taxpayer and allow them to appeal their assessments even if they didn't change but, again, there would be no 299C to entice taxpayers to appeal just to hold their assessments another 3 years which is currently the case. This should eliminate or significantly reduce unnecessary appeals but allow taxpayers with actual value issues to appeal annually. In terms of assessment notification it would not be necessary to send notices to ALL taxpayers at the same time. The Counties could easily divide their notice dates into 2 time frames. Since they will KNOW exactly which parcels are scheduled to be reappraised and which ones are not, they could go ahead and send the 2/3 of the County

that is not being reappraised by Jan 15 with a March 1 appeal deadline. MOST LIKELY, there will be very few appeals on those notices and the County can go ahead and deal with those as they come in. Counties can run their stats and pretty much know how many appeals they will most likely get on non-reappraised parcels. They can then send their change notices on the remaining 1/3, let's say by May 1 with a July 15 appeal deadline. Gives them 2 months to handle non-reappraised parcel appeals and finish up with any value changes. Also, will keep the BOEs and hearing officers working and reduce wasted time in the process. In summary, a systematic reappraisal schedule is used by most of the states that surround GA and the process, by and large, works well as it is transparent and predictable for the taxpayer, i.e. there is no guessing when the County is going to catch up to their value or attempting to stop that process by filing appeals only to force the value to be locked in which doesn't seem exactly fair to the other taxpayers in the County

- 2) The committee could consider an additional change to the process by which the Counties could "phase-in" increases during the 3 year reappraisal cycle, i.e. if the parcel is being reappraised for 2019 and the value increases from \$100,000 to \$130,000 the County could phase in the increases, i.e. the taxable value would go to \$110,000 in 2019, \$120,000 in 2020 and \$130,000 in 2021 and start the reappraisal cycle over again for 2022. The fair market value would remain at \$130,000 but the taxable value (amount used to generate taxes) would be increased proportionally over the 3 year period. This would be very transparent and predictable to both the taxpayer and the County and allow both to budget and escrow in a more reasonable fashion. It would also alleviate the tax "sticker shock" that the taxpayer may still see on a 3 year reappraisal cycle. You would not phase in decreases in the value on reappraisal although you could which would help the Counties and schools budget in times of economic downturn; i.e. they don't have to absorb all the digest loss in one year. This system is used by the STATE OF MARYLAND and it has been in place for a number of years and it works very well in terms of transparency and predictably by taxpayers as well as Counties/Schools/Cities, etc. Key is to REQUIRE 3 year REAPPRAISAL of ALL parcels and eliminate 299C which, again, there would be no need because ALL taxpayers would , in effect, get a 3 year freeze.
- 3) Committee could consider adding a Hearing Officer division for all Residential property, i.e. no dollar value threshold and open to homestead properties, but require the taxpayer to pay a filing fee for this more advanced, professional appeal level. The fee could be \$25-\$100 and it would be used to pay for the Hearing officers and also give the taxpayers more "skin in the game". Currently about 50% or less of homeowners actually attend their BOE hearings. You would not want to extend the professional hearing officer appeal process to all taxpayers without having a way to entice those that choose that appeal route to actually show up and utilize it. Again, if you go to a systematic 3 year reappraisal cycle and eliminate the 299C "appeal to make it freeze scenario you will most likely take care of a lot of the no shows. Also, you would

keep the current BOE appeal avenue as the default option and there would continue to be no cost to avail that system.

- 4) Committee could consider statewide effort to move tax collection dates back from the fall to Dec or even into the next calendar year. This will help with tax increases and escrows in regards to the taxpayer having more time to adjust their budgets. The 3 year reappraisal and a phase in process would probably greatly help that situation and eliminate the need for an extension.
- 5) Committee could consider making it mandatory that Counties allow on line appeals or at least make it mandatory that Counties with a larger number of parcels provide the technology to make that happen. There is no reason, for example, that Cobb County, does not allow that service.
- 6) Committee should understand that Counties have the information available for the taxpayer to REVIEW their assessment data BEFORE they appeal. Committee could consider making it mandatory that the Counties provide a Customer Service representative/staff during the appeal season (date of notice through final appeal date) to answer any taxpayer questions, either walking in, on the phone, or via email or chat. This communication, on the front end, could save a lot of time and money by preventing unwarranted appeals.
- 7) The Committee could consider eliminating the 85% temporary under appeal payment method and default back to the previous year's value or 100% of the proposed value as the temporary billing values during the appeal process. 85% appears to be some arbitrary number that creates more confusion as taxpayers have to then go through a math exercise later to determine what their final bill or refund will be. Using last year's value is more transparent and easier to understand. The taxpayer will always know that, if they chose that method of payment, they will always owe more taxes if the value is not reduced back to the previous years value. This may also give the Counties more of an incentive to move their appeals along, i.e. they will need to get them processed and settled if they are receive any additional revenue.
- 8) The Committee could consider eliminating the interest cap. If the taxpayer chooses to pay at 100% of the current value and then receives a refund there should be no cap to the interest paid. This will could serve as an incentive for the County to move the process along. Also, reinstate the interest provision for the taxpayer, i.e. if they lose the appeal and owe taxes, they should also pay interest with no cap. That will prevent taxpayers (usually the larger corporate ones) from possibly using the appeal process as an interest free loan. Also, tie the interest rate to the current market rate for all parties.

